Larry Mocha Witness Testimony

"The Impact of Energy Policy on Small Business"
Rep. Mary Fallin
Ranking Member
Subcommittee on Investigations and Oversight
Committee on Small Business
United States House of Representatives
Tulsa, Oklahoma
August 25, 2009

My name is Larry Mocha and I am the owner of APSCO, Inc., a small manufacturer in Tulsa. We manufacture pneumatic cylinders and valves for applications on dump trucks, garbage trucks, winch trucks and other mobile equipment. Our company was started by my father in his garage in 1964. We have grown from $491 of sales in our first year to over $6 million in 2008. I began working with my father in the family business in 1970.

My father taught me a great deal about how to meet the many financial and competitive demands of running a small business. In the years he ran the business I watched him deal with the issues that always plague small business--undercapitalization, marketing and advertising of products, and survival through industry downturns. He died in 1984 at the young age of 65. While he taught me a lot, he died too soon, as I had so much more to learn.

Since taking over after my father's passing, the Company has had to deal with two product liability law suits, numerous recessions, the effects of globalization, a hypercompetitive market and the advent of numerous regulations which have increased our costs and lowered our margins. To improve our company and help our competitive position, in 2004, we successfully completed the rigorous requirements to achieve our ISO9001 2000 certification. Starting in 2007 we embarked on the journey of continuous improvement and we are daily seeking ways to lean our processes. We are a proud recipient of the Oklahoma *Safety Pays* Award and work diligently to maintain a safe work environment. We work very hard to be good citizens and obey the laws and regulations set forth by our State and federal government.

Personally, I have been an active participant in the small business community both locally and nationally since the early 1990's. I was appointed by Senator Don Nickels as his representative to the 1995 White House Conference on Small Business. In 1996 I was appointed a charter member of the SBA Small Business Regulatory Fairness program. Currently I am serving on the Small Business Advisory Committee of the Oklahoma State Department of Commerce and engaged in conducting conferences throughout the State to capture the needs and ideas of small business owners.

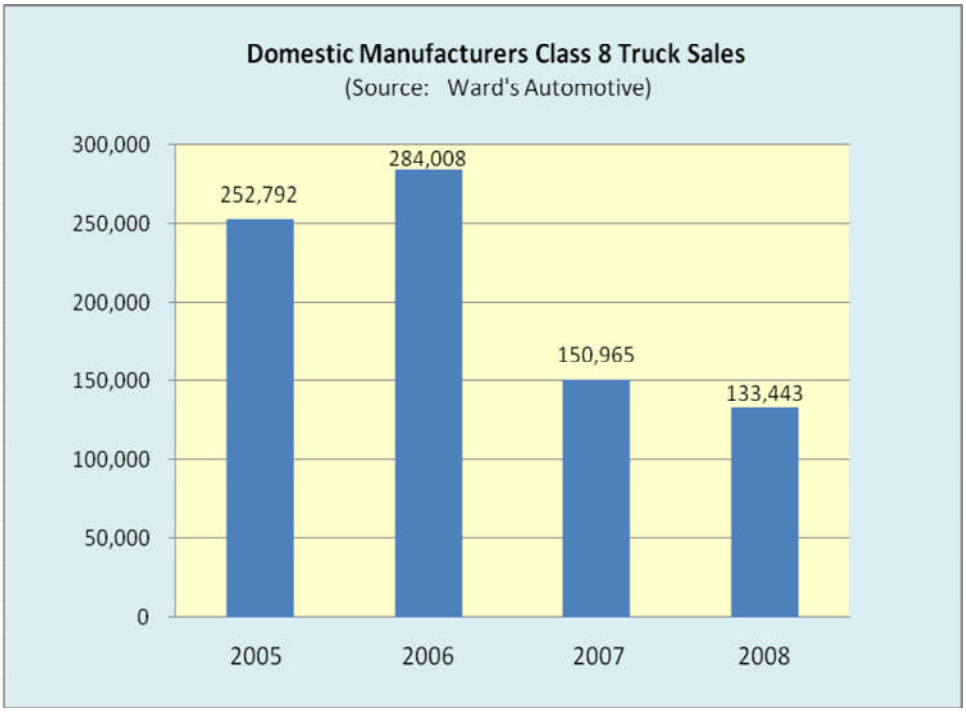
That background is relevant to my message today as it has given me the opportunity to meet and listen to the daily challenges that confront small businesses around our State. Equally important, my history has afforded me the chance to work with many State and federal agency heads and employees. I can honestly say that I have never met an agency representative that intentionally created regulations intended to hurt small business. Yet, it seems that every day agency regulators implement rules and restrictions in response to legislation without regard to their multi-level impact.

A significant segment of my sales are to customers who build parts for truck body outfitters who, in turn, furnish truck bodies to truck companies. These truck companies then sell trucks to corporations, governments and municipalities, and individual owner/operators. Therefore, the ripple effect of regulatory change is very real; when the truck owners or manufacturers are required to alter their operations due to compliance requirements it often takes a long time for upstream suppliers, like me, to recover. The truth is that all too often our government fails to understand the negative affect that regulations have on the business climate. And guys like me find it difficult to survive and to communicate our pain.

In 2006, for example, our small business was on target to reach a sales milestone of $10 million. During the last quarter of that year, the new 2007 Class 8 trucks were introduced to our market. These vehicles, designed to comply with the new EPA emission standards, reached the market with

significantly higher price tags and were perceived to have a lower performance level. The market rejected these trucks and buyers failed to replace their older model vehicles as expected, instead opting to continue running with their existing fleets. This began a tailspin in truck sales that has been devastating to our industry. The downturn in the industry which started in 2007 has been further exaggerated by the general economic downturn and the tightening of consumer access to credit. In the last two years, the three largest purchasers of our products have reduced their truck sales over 90% from their historical purchases. Some of our long-term customers have had to close down. (It may be noteworthy to mention that the environmental improvements targeted by the increased emissions standards have been significantly delayed with the continuing use of older fleets.)

In 2003, an earlier increase in the EPA emission standards occurred that significantly impacted the Class 8 trucking industry; however, the recovery was much quicker. As indicated by the following chart, domestic truck sales were continuing to grow and reflected a 12% increase between 2005 and 2006. Although industry analysts agree that a portion of the 2006 sales performance was associated with a "pre-buy" – acquiring an excess of 2006 vehicles which were cheaper than the 2007 models which required the higher emission standards – the industry was a solid performer.

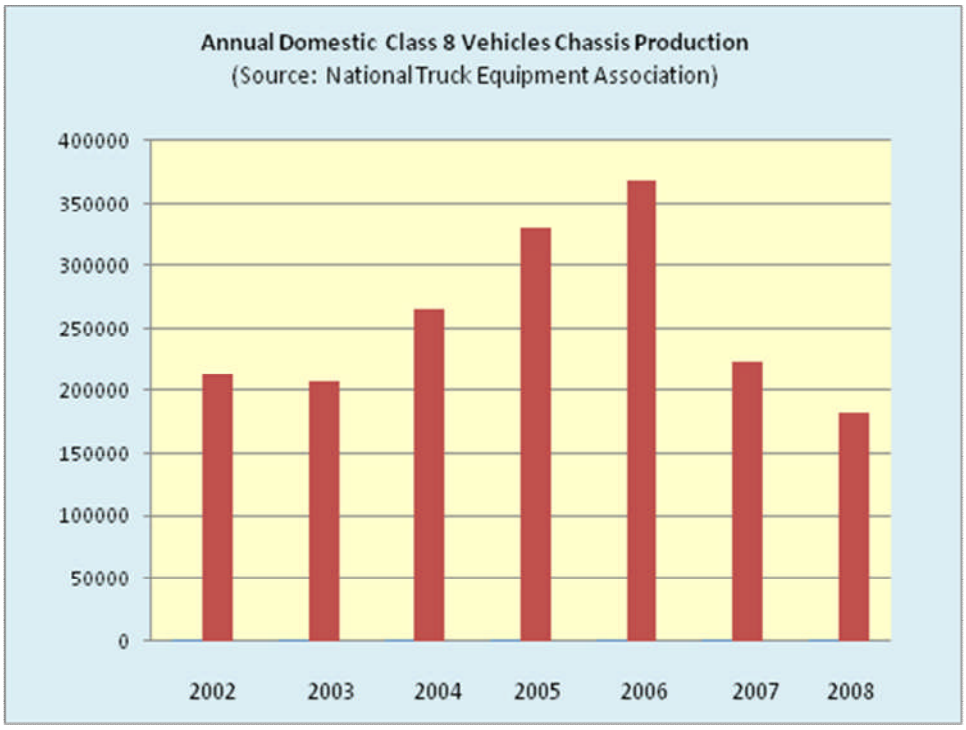


(Source documents for this illustration are included in the Appendix to this testimony)

However, following the introduction of the 2007 emission standards, truck sales throughout the industry dropped dramatically: - 47% from 2006-2007; and -12% from 2007-2008.

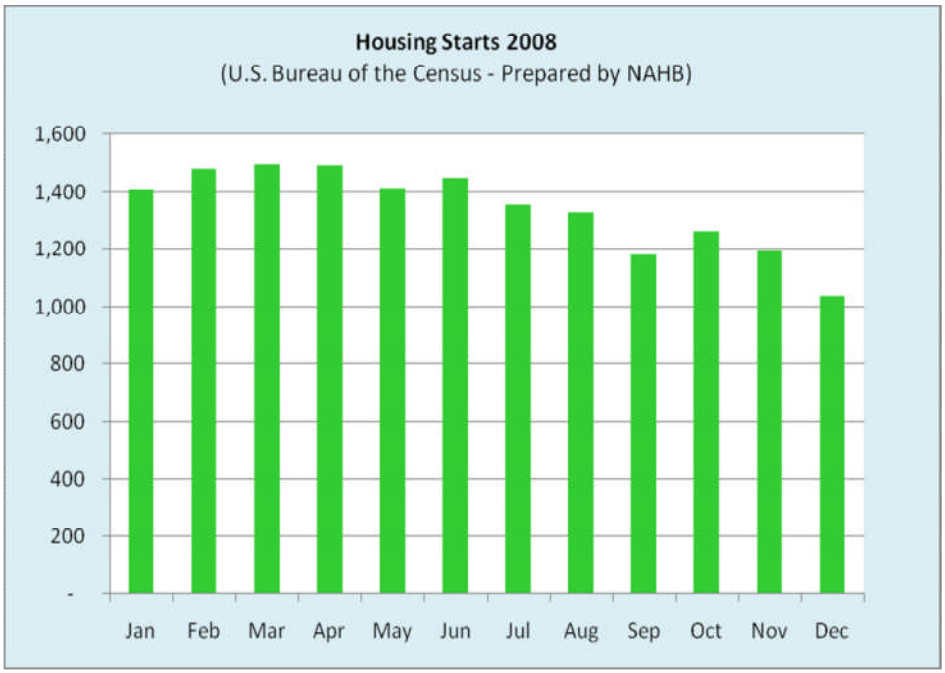
The industry's annual production of Class 8 chassis is monitored by the National Truck Equipment Association and is another indicator of the health of the industry. As illustrated in the following chart, the industry had slowed some with the EPA emission increases in 2003; however, it had regained strength and showed significant growth in the three years prior to the 2007 emission

regulations. In conjunction with this EPA adjustment it is evident that the standards had a critical impact on this industry, which continues to this day.



(Source document for this illustration is included in the Appendix to this testimony)

In the US, Class 8 trucks are widely used in the construction industries and historically the annual number of housing starts has been an excellent indicator of the health of the trucking industry. As indicated by the chart below, housing starts remained relatively strong until the second half of 2007; however, both truck sales and chassis production began dropping prior to the reduction in housing starts. It seems fairly evident that it was the EPA energy policy emissions standards of 2007 that accounted for the downward trend in the trucking industry not a sluggish housing market.



(Source document for this illustration is included in the Appendix to this testimony)

The trickle-down effect on our business has been profound. We have had to reduce our workforce by about half and continue to scramble just to find enough business to support the core number of workers we must maintain in order to make and sell our products. Already we are hearing that the recovery we had hoped for by next year is probably being pushed even further away. Just in the past few weeks, Daimler Trucks issued a press release announcing a $7,000-9,000 emissions equipment surcharge associated with adding selective catalytic reduction (SCR) equipment on their 2010 model trucks in order to meet EPA standards. It seems likely that the remainder of the industry will follow suit. According to Fleet Equipment online magazine the good news is that feedback from various fleet managers regarding early beta testing of the new SCR engines indicates marked improvement in exhaust output, fuel consumption, and vehicle performance. Regardless of these enhancements, the increase in total truck prices likely may impede the small signs of recovery.

Despite our best efforts to maintain a business that can support our smaller number of workers, we often feel we are fighting a battle with too many fronts. The much-discussed and very real threat to American workers continues unabated. We see car and truck manufacturing leaving the US and going to other countries where there are no corresponding EPA standards so manufacturing costs are significantly less. Although American workers are capable of competing with foreign workers on productivity, quality, and ingenuity, they cannot possibly win a struggle based on cost when their competitors are allowed to play by rules that ensure less expensive production. Like so many others, it has become necessary for my small business to relinquish product components to overseas sources, that until recently, I was making in my own shop. While I still hold onto all product assembly and quality inspection jobs, much of my competition continues to lower their costs by sourcing even those jobs internationally.

Further damage to the industry results from allowing the import of Class 8 trucks produced by foreign companies. These products have the cost advantage of being produced without the

requirement for friendly environmental practices. The prospect for the trucking industry in the face of more environmental regulations is grim. Higher energy prices will most certainly result in greater cost of goods sold and further reduced margins within an already declining market. Additionally, competitors in foreign countries are utilizing lower wage workers (often underage) and frequently manufacturing product in unsafe working facilities to keep their costs down.

Of course, the government cannot afford to turn away from the pressing issues of the environment. However, neither can the government afford to ignore the urgent issues of the small business environment. It is critical that together we find the right solutions. How can we find incentives for companies to comply with environmental requirements but still enable them to manufacture competitively here in the US? How can we assure clean air and water for the next generation and at the same time assure jobs for ourselves and our children? I suggest that we initiate what I call "The Fallin Initiative" in honor of the small business owner's friend for many years and our host today, US Congress Representative, Mary Fallin.

I believe it is essential that we "level the playing field" for American business. The "Fallin Initiative" is one way to accomplish this objective. It is critical for our environment as well as our business climate that we stop allowing products into our marketplace that have been produced in countries without controls similar to those that are expected of American manufacturers. The "Fallin Initiative" would establish a "Moral Code" for all who would compete for the American consumer's dollar by insuring that they utilize processes which protect the air and water quality and respect the worker's welfare. It would assure that the competition, at least within the US, is a fair competition, in which the American worker is not predetermined to be the loser.

With respect to the proposed Cap and Trade act, the timing is all wrong. We are still mired in the problems of the current recession. We are hopeful that recovery will begin soon; but we have not yet seen any of the positives that recovery will bring—our sales have not yet improved and we have not yet been able to afford to rehire positions that we were forced to let go. We are still facing a long and painful struggle. Making the costly investments to fight competition is the only focus we can afford for the foreseeable future. The prospect of additional regulations that cost us money and keep us from being able to concentrate on the essentials of business survival are extremely distressing. Under Cap and Trade small business will have higher energy costs dumped on them from the large energy providers and this additional burden surely will be a burden so heavy many more small business owners will not survive. It will most certainly shackle my hopes for recovery and rebuilding my company. I do not need more mandated regulations with their accompanying administrative burden. I do not need the additional taxes that will be required to staff the government agency to oversee this new set of complex regulations.

It is very difficult to be in business today! Our world is changing and the environment is being threatened. The US has accepted its responsibility to improve manufacturing processes that will positively influence the US environment, but it must broaden that initiative. By not demanding that importing companies play by the same rules which govern US producers we not only compromise our environmental gains but also penalize our small businesses. The "Fallin Initiative" would level the playing field for business and create a behavioral change for other countries. By insisting that all businesses that want to sell product in the US utilize environmentally responsible manufacturing processes, we can leverage the power of our marketplace for good energy consumption and for good competition. The same advantages we receive from EPA programs can be enjoyed worldwide and the impact of them exponentially increased.

APPENDIX

WARD'S U.S. Retail Sales of Trucks by GVWR and Company
12 Months 2005

	6,000 & less	6,001-10,000	10,001-14,000	14,001-16,000	16,001-19,500	19,501-26,000	26,001-33,000	33,001 & over	Total
Chrysler	382,204	0	0	0	0	0	0	0	382,204
Dodge	383,309	500,927	35,038	0	0	0	0	0	919,274
Jeep	476,532	0	0	0	0	0	0	0	476,532
Total Chrysler	1,242,045	500,927	35,038	0	0	0	0	0	1,778,010
Freightliner	0	0	14	4,283	727	13,646	27,349	76,243	122,262
Sterling	0	0	0	0	13	1,358	4,263	15,733	21,367
Western Star	0	0	0	0	0	0	0	2,924	2,924
Total Freightliner	0	0	14	4,283	740	15,004	31,612	94,900	146,553
Mercedes	41,252	0	0	0	0	0	0	0	41,252
Total DaimlerChrysler	**1,283,297**	**500,927**	**35,052**	**4,283**	**740**	**15,004**	**31,612**	**94,900**	**1,965,815**
Ford	680,192	1,041,938	122,903	18,793	22,010	14,951	5,604	0	1,906,391
Lincoln Mercury	90,629	36,118	0	0	0	0	0	0	126,747
Land Rover	46,175	0	0	0	0	0	0	0	46,175
Volvo	49,967	0	0	0	0	0	0	0	49,967
Total Ford	**866,963**	**1,078,056**	**122,903**	**18,793**	**22,010**	**14,951**	**5,604**	**0**	**2,129,280**
Buick	96,148	0	0	0	0	0	0	0	96,148
Cadillac	44,267	29,876	0	0	0	0	0	0	74,143
Chevrolet	1,215,189	577,831	1,007	7,568	5,512	2,014	2,707	0	1,811,828
GMC	306,374	231,198	1,407	7,063	12,322	2,204	5,754	0	566,322
Hummer	33,140	23,213	374	0	0	0	0	0	56,727
Oldsmobile	466	0	0	0	0	0	0	0	466
Pontiac	42,494	0	0	0	0	0	0	0	42,494
Saab	2,272	0	0	0	0	0	0	0	2,272
Saturn	107,730	0	0	0	0	0	0	0	107,730
Total GM	**1,848,080**	**862,118**	**2,788**	**14,631**	**17,834**	**4,218**	**8,461**	**0**	**2,758,130**
BMW	68,367	0	0	0	0	0	0	0	68,367
Hino	0	0	0	278	553	2,906	553	0	4,290
Honda	624,650	0	0	0	0	0	0	0	624,650
Hyundai	129,054	0	0	0	0	0	0	0	129,054
International	0	0	0	588	398	20,865	33,044	46,093	100,988
Isuzu	12,177	0	5,167	6,977	2,732	163	748	0	27,964
Kia	129,456	0	0	0	0	0	0	0	129,456
Mack	0	0	0	0	0	0	0	27,303	27,303
Mazda	65,028	0	0	0	0	0	0	0	65,028
Mitsubishi	37,523	0	0	0	0	0	0	0	37,523
Mitsubishi Fuso	0	0	670	2,477	1,150	1,072	143	0	5,512
Nissan	417,260	86,945	0	0	0	0	0	0	504,205
Nissan Diesel	0	0	276	466	861	975	80	0	2,658
Kenworth	0	0	0	0	0	0	3,874	27,153	31,027
Peterbilt	0	0	0	0	0	0	4,739	30,274	35,013
Total PACCAR	**0**	**0**	**0**	**0**	**0**	**0**	**8,613**	**57,427**	**66,040**
Porsche	13,607	0	0	0	0	0	0	0	13,607
Subaru	74,577	0	0	0	0	0	0	0	74,577
Suzuki	24,329	0	0	0	0	0	0	0	24,329
Toyota	970,940	0	0	0	0	0	0	0	970,940
Volvo Truck	0	0	0	0	0	0	0	26,446	26,446
Volkswagen	20,479	0	0	0	0	0	0	0	20,479
Other	0	0	0	0	0	0	0	623	623
Total	**6,585,787**	**2,528,046**	**166,856**	**48,493**	**46,278**	**60,154**	**88,858**	**252,792**	**9,777,264**

WARD'S U.S. Retail Sales of Trucks by GVWR and Company
12 Months 2006

	6,000 & less	6,001-10,000	10,001-14,000	14,001-16,000	16,001-19,500	19,501-26,000	26,001-33,000	33,001 & over	Total
Chrysler	371,152	0	0	0	0	0	0	0	371,152
Dodge	344,323	420,687	36,057	0	0	0	0	0	801,067
Jeep	460,052	0	0	0	0	0	0	0	460,052
Total Chrysler	1,175,527	420,687	36,057	0	0	0	0	0	1,632,271
Freightliner	0	0	0	5,334	985	14,248	26,046	78,428	125,041
Sterling	0	0	0	76	26	1,147	3,597	16,712	21,558
Western Star	0	0	0	0	0	0	0	3,463	3,463
Total Freightliner	0	0	0	5,410	1,011	15,395	29,643	98,603	150,062
Mercedes	69,163	0	0	0	0	0	0	0	69,163
Total DaimlerChrysler	**1,244,690**	**420,687**	**36,057**	**5,410**	**1,011**	**15,395**	**29,643**	**98,603**	**1,851,496**
Ford	539,972	907,666	105,955	20,616	25,817	15,766	6,871	0	1,622,663
Lincoln Mercury	70,545	36,700	0	0	0	0	0	0	107,245
Land Rover	47,774	0	0	0	0	0	0	0	47,774
Volvo	46,332	0	0	0	0	0	0	0	46,332
Total Ford	**704,623**	**944,366**	**105,955**	**20,616**	**25,817**	**15,766**	**6,871**	**0**	**1,824,014**
Buick	70,593	0	0	0	0	0	0	0	70,593
Cadillac	27,915	56,334	0	0	0	0	0	0	84,249
Chevrolet	969,714	632,400	876	6,628	7,388	1,545	2,459	0	1,621,010
GMC	169,153	287,412	1,337	5,822	9,450	1,831	6,217	0	481,222
Hummer	54,052	17,107	365	0	0	0	0	0	71,524
Oldsmobile	29	0	0	0	0	0	0	0	29
Pontiac	57,009	0	0	0	0	0	0	0	57,009
Saab	5,789	0	0	0	0	0	0	0	5,789
Saturn	95,896	0	0	0	0	0	0	0	95,896
Total GM	**1,450,150**	**993,253**	**2,578**	**12,450**	**16,838**	**3,376**	**8,676**	**0**	**2,487,321**
BMW	58,089	0	0	0	0	0	0	0	58,089
Hino	0	0	0	335	258	4,542	1,068	0	6,203
Honda	665,408	0	0	0	0	0	0	0	665,408
Hyundai	128,204	0	0	0	0	0	0	0	128,204
International	0	0	0	680	785	28,236	32,113	53,373	115,187
Isuzu	8,614	0	4,929	7,036	2,748	294	744	0	24,365
Kia	145,355	0	0	0	0	0	0	0	145,355
Mack	0	0	0	0	0	0	0	29,524	29,524
Mazda	81,905	0	0	0	0	0	0	0	81,905
Mitsubishi	34,715	0	0	0	0	0	0	0	34,715
Mitsubishi Fuso	0	0	93	3,403	1,150	1,241	173	0	6,060
Nissan	393,440	72,192	0	0	0	0	0	0	465,632
Nissan Diesel	0	0	232	356	859	1,179	157	0	2,783
Kenworth	0	0	0	0	0	0	5,040	33,091	38,131
Peterbilt	0	0	0	0	0	0	6,307	37,322	43,629
Total PACCAR	**0**	**0**	**0**	**0**	**0**	**0**	**11,347**	**70,413**	**81,760**
Porsche	10,569	0	0	0	0	0	0	0	10,569
Subaru	75,113	0	0	0	0	0	0	0	75,113
Suzuki	37,887	0	0	0	0	0	0	0	37,887
Toyota	1,084,368	0	0	0	0	0	0	0	1,084,368
Volvo Truck	0	0	0	0	0	0	0	30,716	30,716
Volkswagen	20,169	0	0	0	0	0	0	0	20,169
Other	0	0	0	0	0	0	0	1,379	1,379
Total	**6,143,299**	**2,430,498**	**149,844**	**50,286**	**49,466**	**70,029**	**90,792**	**284,008**	**9,268,222**

WARD'S U.S. Retail Sales of Trucks by GVWR and Company
12 Months 2007

	6,000 & less	6,001-10,000	10,001-14,000	14,001-16,000	16,001-19,500	19,501-26,000	26,001-33,000	33,001 & over	Total
Chrysler	280,705	28,788	0	0	0	0	0	0	309,493
Dodge	301,677	373,243	46,553	0	588	0	0	0	722,061
Jeep	475,237	0	0	0	0	0	0	0	475,237
Total Chrysler	**1,057,619**	**402,031**	**46,553**	**0**	**588**	**0**	**0**	**0**	**1,506,791**
Ford	550,749	811,803	81,155	28,331	22,647	14,284	5,574	0	1,514,543
Lincoln Mercury	97,346	32,432	0	0	0	0	0	0	129,778
Land Rover	49,550	0	0	0	0	0	0	0	49,550
Volvo	43,964	0	0	0	0	0	0	0	43,964
Total Ford	**741,609**	**844,235**	**81,155**	**28,331**	**22,647**	**14,284**	**5,574**	**0**	**1,737,835**
Buick	54,969	0	0	0	0	0	0	0	54,969
Cadillac	22,808	60,726	0	0	0	0	0	0	83,534
Chevrolet	555,268	914,535	24,729	5,606	6,189	988	1,695	0	1,509,010
GMC	154,532	322,875	8,653	4,279	8,243	1,371	5,793	0	505,746
Hummer	43,430	12,431	125	0	0	0	0	0	55,986
Pontiac	34,054	0	0	0	0	0	0	0	34,054
Saab	5,257	0	0	0	0	0	0	0	5,257
Saturn	120,989	0	0	0	0	0	0	0	120,989
Total GM	**991,307**	**1,310,567**	**33,507**	**9,885**	**14,432**	**2,359**	**7,488**	**0**	**2,369,545**
BMW	63,260	0	0	0	0	0	0	0	63,260
Freightliner	0	0	0	2,218	737	11,793	23,672	37,371	75,791
Mercedes	74,458	0	0	0	0	0	0	0	74,458
Mitsubishi Fuso	0	0	52	2,962	945	1,182	129	0	5,270
Sterling	0	0	0	425	160	979	2,655	12,054	16,273
Western Star	0	0	0	0	0	0	0	2,281	2,281
Total Daimler	**130,583**	**0**	**52**	**5,605**	**1,842**	**13,954**	**26,456**	**51,706**	**230,198**
Hino	0	0	0	259	172	3,901	1,116	0	5,448
Honda	669,327	0	0	0	0	0	0	0	669,327
Hyundai	163,641	0	0	0	0	0	0	0	163,641
International	0	0	0	802	1,523	17,966	19,977	29,675	69,943
Isuzu	7,098	0	4,350	5,828	3,002	347	462	0	21,087
Kia	152,206	0	0	0	0	0	0	0	152,206
Mack	0	0	0	0	0	0	0	13,438	13,438
Mazda	97,402	0	0	0	0	0	0	0	97,402
Mitsubishi	43,834	0	0	0	0	0	0	0	43,834
Nissan	366,516	65,746	0	0	0	0	0	0	432,262
Nissan Diesel	0	0	279	281	716	978	105	0	2,359
Kenworth	0	0	0	0	0	0	4,239	19,299	23,538
Peterbilt	0	0	0	0	0	0	5,009	19,948	24,957
Total PACCAR	**0**	**0**	**0**	**0**	**0**	**0**	**9,248**	**39,247**	**48,495**
Porsche	12,547	0	0	0	0	0	0	0	12,547
Subaru	62,447	0	0	0	0	0	0	0	62,447
Suzuki	42,716	0	0	0	0	0	0	0	42,716
Toyota	1,106,840	0	0	0	0	0	0	0	1,106,840
Volvo Truck	0	0	0	0	0	0	0	16,064	16,064
Volkswagen	29,507	0	0	0	0	0	0	0	29,507
Other	0	0	0	0	0	0	0	835	835
Total	**5,682,334**	**2,622,579**	**165,896**	**50,991**	**44,922**	**53,789**	**70,426**	**150,965**	**8,841,902**

WARD'S U.S. Retail Sales of Trucks by GVWR and Company
12 Months 2008

	6,000 & less	6,001-10,000	10,001-14,000	14,001-16,000	16,001-19,500	19,501-26,000	26,001-33,000	33,001 & over	Total
Chrysler	175,724	22,254	0	0	0	0	0	0	197,978
Dodge	233,258	246,836	29,638	0	5,386	0	0	0	515,118
Jeep	333,901	0	0	0	0	0	0	0	333,901
Total Chrysler	**742,883**	**269,090**	**29,638**	**0**	**5,386**	**0**	**0**	**0**	**1,046,997**
Ford	449,222	596,049	60,139	18,437	17,699	6,767	3,551	0	1,151,864
Lincoln Mercury	71,978	19,467	0	0	0	0	0	0	91,445
Volvo	28,469	0	0	0	0	0	0	0	28,469
Total Ford	**549,669**	**615,516**	**60,139**	**18,437**	**17,699**	**6,767**	**3,551**	**0**	**1,271,778**
Buick	45,394	0	0	0	0	0	0	0	45,394
Cadillac	16,191	39,675	0	0	0	0	0	0	55,866
Chevrolet	364,853	679,955	30,968	4,086	4,158	612	1,319	0	1,085,951
GMC	108,051	243,718	10,574	2,473	7,334	1,002	3,844	0	376,996
Hummer	21,373	6,095	17	0	0	0	0	0	27,485
Pontiac	20,689	0	0	0	0	0	0	0	20,689
Saab	3,660	0	0	0	0	0	0	0	3,660
Saturn	107,179	0	0	0	0	0	0	0	107,179
Total GM	**687,390**	**969,443**	**41,559**	**6,559**	**11,492**	**1,614**	**5,163**	**0**	**1,723,220**
BMW	54,028	0	0	0	0	0	0	0	54,028
Freightliner	0	0	0	3,130	369	8,499	14,789	33,935	60,722
Mercedes	66,312	0	0	0	0	0	0	0	66,312
Mitsubishi Fuso	0	0	202	933	493	623	87	0	2,338
Sterling	0	0	12	793	1,199	675	1,822	7,477	11,978
Western Star	0	0	0	0	0	0	0	1,227	1,227
Total Daimler	**66,312**	**0**	**214**	**4,856**	**2,061**	**9,797**	**16,698**	**42,639**	**142,577**
Hino	0	0	0	165	145	3,478	1,129	0	4,917
Honda	551,062	0	0	0	0	0	0	0	551,062
Hyundai	109,495	0	0	0	0	0	0	0	109,495
International	0	95	609	2,564	894	15,736	15,828	32,399	68,125
Isuzu*	4,758	0	2,568	3,602	2,036	413	106	0	13,483
Kia	119,882	0	0	0	0	0	0	0	119,882
Land Rover(Tata)*	29,718	0	0	0	0	0	0	0	29,718
Mack	0	0	0	0	0	0	0	11,794	11,794
Mazda	87,057	0	0	0	0	0	0	0	87,057
Mitsubishi	22,348	0	0	0	0	0	0	0	22,348
Nissan	323,712	34,053	0	0	0	0	0	0	357,765
Nissan Diesel	0	0	112	191	307	582	193	0	1,385
Kenworth	0	0	0	0	150	828	2,732	15,855	19,565
Peterbilt	0	0	0	0	130	182	3,480	17,613	21,405
Total PACCAR	**0**	**0**	**0**	**0**	**280**	**1,010**	**6,212**	**33,468**	**40,970**
Porsche	11,216	0	0	0	0	0	0	0	11,216
Subaru	71,725	0	0	0	0	0	0	0	71,725
Suzuki	34,503	0	0	0	0	0	0	0	34,503
Toyota*	860,563	0	0	0	0	0	0	0	860,563
Volvo Truck	0	0	0	0	0	0	0	13,061	13,061
Volkswagen*	32,015	0	0	0	0	0	0	0	32,015
Other	0	0	0	0	0	0	0	112	112
Total	**4,358,336**	**1,888,197**	**134,839**	**36,374**	**40,300**	**39,397**	**48,880**	**133,473**	**6,679,796**

WARD'S U.S. Retail Sales of Trucks by GVWR and Company
July 2009

	6,000 & less	6,001-10,000	10,001-14,000	14,001-16,000	16,001-19,500	19,501-26,000	26,001-33,000	33,001 & over	Total
Chrysler	11,037	402	0	0	0	0	0	0	11,439
Dodge	14,415	16,008	2,431	0	222	0	0	0	33,076
Jeep	22,276	0	0	0	0	0	0	0	22,276
Total Chrysler	**47,728**	**16,410**	**2,431**	**0**	**222**	**0**	**0**	**0**	**66,791**
Ford	43,315	41,895	3,050	978	784	174	287	0	90,483
Lincoln Mercury	5,727	452	0	0	0	0	0	0	6,179
Volvo	2,334	0	0	0	0	0	0	0	2,334
Total Ford	**51,376**	**42,347**	**3,050**	**978**	**784**	**174**	**287**	**0**	**98,996**
Buick	3,797	0	0	0	0	0	0	0	3,797
Cadillac	648	1,812	0	0	0	0	0	0	2,460
Chevrolet	31,597	39,203	1,272	161	214	0	38	0	72,485
GMC	6,716	13,852	460	319	303	20	190	0	21,860
Hummer	666	133	0	0	0	0	0	0	799
Pontiac	891	0	0	0	0	0	0	0	891
Saab	91	0	0	0	0	0	0	0	91
Saturn	3,684	0	0	0	0	0	0	0	3,684
Total GM	**48,090**	**55,000**	**1,732**	**480**	**517**	**20**	**228**	**0**	**106,067**
BMW	2,977	0	0	0	0	0	0	0	2,977
Freightliner	0	0	0	29	27	265	981	1,688	2,990
Mercedes	4,418	0	0	0	0	0	0	0	4,418
Mitsubishi Fuso	0	0	14	33	19	26	4	0	96
Sterling	0	0	1	70	63	52	44	338	568
Western Star	0	0	0	0	0	0	0	61	61
Total Daimler	**4,418**	**0**	**15**	**132**	**109**	**343**	**1,029**	**2,087**	**8,133**
Hino	0	0	0	1	4	163	47	0	215
Honda	37,966	0	0	0	0	0	0	0	37,966
Hyundai	8,450	0	0	0	0	0	0	0	8,450
International	0	4	30	16	55	1,064	1,088	2,158	4,415
Isuzu	0	0	105	176	85	8	21	0	395
Kia	10,789	0	0	0	0	0	0	0	10,789
Land Rover (Tata)	1,822	0	0	0	0	0	0	0	1,822
Mack	0	0	0	0	0	0	0	748	748
Mazda	6,007	0	0	0	0	0	0	0	6,007
Mitsubishi	1,567	0	0	0	0	0	0	0	1,567
Nissan	18,981	1,467	0	0	0	0	0	0	20,448
Nissan Diesel	0	0	0	6	24	35	11	0	76
Kenworth	0	0	0	0	3	40	201	1,038	1,282
Peterbilt	0	0	0	0	3	8	186	1,032	1,229
Total PACCAR	**0**	**0**	**0**	**0**	**6**	**48**	**387**	**2,070**	**2,511**
Porsche	541	0	0	0	0	0	0	0	541
Subaru	8,281	0	0	0	0	0	0	0	8,281
Suzuki	1,430	0	0	0	0	0	0	0	1,430
Toyota	68,083	0	0	0	0	0	0	0	68,083
Volvo Truck	0	0	0	0	0	0	0	439	439
Volkswagen	4,230	0	0	0	0	0	0	0	4,230
Other	0	0	0	0	0	0	0	1	1
Total	**322,736**	**115,228**	**7,363**	**1,789**	**1,806**	**1,855**	**3,098**	**7,503**	**461,378**

Table 1 Housing Starts, U.S. and Regions

	U.S. TOTAL (1)	ONE UNIT (2)	2-4 UNITS (3)	5+ UNITS (4)	MULTI-FAMILY (5)	NORTH-EAST (6)	MID-WEST (7)	SOUTH (8)	WEST (9)
1991	1,014	840	36	138	174	113	233	414	254
1992	1,200	1,030	31	139	169	127	288	497	288
1993	1,288	1,126	29	133	162	126	298	562	302
1994	1,457	1,198	35	224	259	138	329	639	351
1995	1,354	1,076	34	244	278	118	290	615	331
1996	1,477	1,161	45	271	316	132	321	662	361
1997	1,474	1,134	44	296	340	137	304	670	363
1998	1,617	1,271	43	303	346	148	330	743	395
1999	1,641	1,303	32	307	339	156	347	746	392
2000	1,569	1,231	39	299	338	154	318	714	383
2001	1,603	1,273	37	293	330	149	330	732	391
2002	1,705	1,359	39	308	347	158	350	782	416
2003	1,848	1,499	34	315	349	163	374	839	472
2004	1,956	1,611	42	303	345	175	356	909	516
2005	2,068	1,716	41	311	353	190	357	996	525
2006	1,801	1,465	43	293	336	167	280	910	444
2007	1,355	1,046	32	277	309	143	210	681	321
2008	906	622	18	266	284	121	135	453	196
	Seasonally Adjusted Annual Rates								
JAN 07	1,409	1,130	23	256	279	178	191	712	328
FEB	1,480	1,189	29	262	291	137	163	796	384
MAR	1,495	1,202	37	256	293	131	234	752	378
APR	1,490	1,197	37	256	293	166	206	732	386
MAY	1,415	1,130	33	252	285	158	243	688	326
JUNE	1,448	1,131	38	279	317	159	232	708	349
JULY	1,354	1,042	39	273	312	148	237	638	331
AUG	1,330	957	37	336	373	98	239	695	298
SEP	1,183	935	29	219	248	144	174	592	273
OCT	1,264	878	39	347	386	159	203	625	277
NOV	1,197	833	21	343	364	130	213	598	256
DEC	1,037	805	11	221	232	106	139	571	221
JAN 08	1,083	764	27	292	319	134	158	549	242
FEB	1,100	722	29	349	378	126	154	574	246
MAR	993	717	16	260	276	116	136	514	227
APR	1,001	676	15	310	325	92	162	505	242
MAY	971	679	19	273	292	123	138	492	218
JUNE	1,078	655	22	401	423	249	137	485	207
JULY	933	632	14	287	301	162	153	436	182
AUG	849	612	15	222	237	134	128	397	190
SEP	822	549	19	254	273	112	138	408	164
OCT	763	534	10	219	229	76	121	407	159
NOV	655	457	18	180	198	56	107	355	137
DEC	556	393	9	154	163	63	76	283	134
JAN 09	488	357	13	118	131	38	58	254	138
FEB	574	357	13	204	217	62	93	306	113
MAR	521	361	31	129	160	69	98	274	80
APR	479	388	11	80	91	50	84	231	114
MAY	551	409	9	133	142	59	79	276	137
JUNE	587	482	9	96	105	80	101	280	126
JULY	581	490	11	80	91	67	114	276	124
AUG									
SEP									
OCT									
NOV									
DEC									

All data are in thousands of units.

Housing start = The start of construction of a privately-owned housing unit is when excavation begins for the footings or foundation of a building intended primarily as a housekeeping residential structure and designed for nontransient occupancy. All housing in a multifamily building is defined as being started when excavation for the building has begun.

(6) Northeast includes: Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, Connecticut, New York, New Jersey & Pennsylvania.

(7) Midwest includes: Ohio, Indiana, Illinois, Michigan, Wisconsin, Iowa, Minnesota, Missouri, North & South Dakota, Nebraska, & Kansas.

(8) South includes: Delaware, Maryland, District of Columbia, Virginia, West Virginia, North & South Carolina, Georgia, Florida, Kentucky, Tennessee, Alabama, Mississippi, Arkansas, Louisiana, Oklahoma, and Texas.

(9) West includes: Montana, Idaho, Wyoming, Colorado, New Mexico, Arizona, Utah, Nevada, Washington, Oregon, California, Alaska, & Hawaii.

Source: U.S. Bureau of the Census, Construction Reports, Series C-20, Housing Starts.

Prepared by Economics Department, NAHB. Available at www.HousingEconomics.com

Industry Report

Daimler Trucks announces pricing for EPA 2010 technologies

By Successful Dealer Staff

Daimler Trucks North America announced pricing for meeting EPA 2010 standards with its Detroit Diesel BlueTec or Cummins midrange engine emissions technologies.

Emissions technology surcharges for vehicles equipped with Detroit Diesel DD15 and DD16 big-bore engines, as well as the medium-bore DD13, will be $9,000 per vehicle. A surcharge of $7,300 will be added to vehicles equipped with the Cummins ISC8.3 engine, and a $6,700 surcharge will be added to the price of vehicles equipped with Cummins ISB6.7 engines. The surcharges reflect costs associated with adding selective catalytic reduction (SCR).

"SCR is the only emissions technology in decades proven to be as good for business as it is for the environment," said Martin Daum, president and CEO, Daimler Trucks North America. "Daimler Trucks North America and Detroit Diesel lead the North American trucking industry in both the research and development of SCR technology and the diesel exhaust fluid (DEF) infrastructure to support it. Our decade of commitment to this technology as a vertically integrated chassis and engine manufacturing company has allowed us to contain design and development costs. Most importantly, we're pleased to deliver a proven solution that gives our customers a return on their emissions technology investment."

Advanced electronic engine controls link the elements of the system to make SCR a convenient and economical solution for vehicle owners and drivers, according to Daimler Trucks. And since virtually no base engine changes are needed for SCR to work, service technicians also will find no engine maintenance changes for EPA 2010.

"SCR is the only technology that will provide significant fuel savings to our customers," said Mark Lampert, senior vice president of sales for Daimler Trucks North America. "In fact, customers are reporting up to a five percent increase in miles per gallon with BlueTec-equipped EPA 2010 test engines hauling freight today.

"We feel strongly that providing our customers with payback in the form of significant improvement in fuel economy is of fundamental importance and an appropriate return on their investment in 2010 technology."

Detroit Diesel BlueTec fuel efficiencies are the result of three optimization factors which are: base engine-out NOx levels, diesel particulate filter (DPF) regeneration intervals and exhaust back pressure. In addition, reduced reliance on exhaust gas recirculation (EGR) lowers heat rejection, which means no expansion of cooling capacity and no resulting impact on aerodynamics or under-hood packaging, the company said.

Daimler Trucks North America will offer customers choice in engines and emissions technologies from Detroit Diesel and Cummins. "Either technology will deliver fuel savings and lifecycle improvements to the long-term cost of vehicle operations, representing our commitment to shaping the future of transportation," Lampert added.

According to Lampert, from an operating perspective, the fuel efficiencies achieved with the Detroit Diesel DD15 engine with BlueTec emissions technology effectively return North American trucking to pre-EGR fuel economy levels while reducing dependence on foreign oil and reducing emissions to near-zero levels at the tailpipe.

August 13, 2009 Article taken from Randall-Reilly, Truckers.Com website, August 21, 2009 (http://www.etrucker.com/apps/news/article.asp?id=80886)

2010 engine test fleets weigh in

In August 2009 Issue *by Carol Birkland*

Fleet managers talk about their experiences testing 2010 diesel engines.
The 2010 diesel engine EPA emission compliance deadline for new builds is near. Several fleets around the country have been testing the new engine technology. Here's what they have to say about the engines.

Good results
Terry Clouser, director of maintenance for AAA Cooper Transportation says, "We are running three trucks from Volvo with the 2010 SCR engines: a Class 8 single axle with an 11-liter engine with 405 HP, a Class 8 tandem axle with a 13- liter engine with 475 HP and a Class 8sleeper with a 13-liter engine with 465 HP. The single axle and the sleeper both have the Volvo I-Shift transmissions; the tandem axle has the Freedom shift.

"The 11-liter is getting 6.4 MPG doing both line-haul and city use, putting on about 670-700 miles per day. This unit usually runs about 20hours a day Monday through Friday. The 13-liter day-cab runs about 750miles a day line-haul and a short pedal run and is getting 6.2 MPG. The sleeper is running about 5,500 to 6,000 miles a week and is getting 6.1MPG. The diesel exhaust fluid (DEF) usage is about 3-gal. per 100 gal. of fuel and this is about the average for all three units."

He goes on to say that drivers are very pleased with how the trucks drive. There is no regens to worry about because it is done automatically with the SCR system. "They love the power because this is the most horsepower we have run in a long time. For the most part, these units have had very little down time," he notes. "As far as any engine problem, we have had none.

"The engine seems to be working really well because there is no smoke coming from the exhaust regardless of the amount of throttle you give. The exhaust stack is just as clean as the day it came with absolutely no soot build up at all. We have had very little down time for any engine trouble. Most of the down time is to replace some of the components, which Volvo sends us that upgrade the engine to the highest level for their production engines. They come to our facility often to upgrade the software in the computers."

Clouser adds that they are not having any trouble getting DEF, noting that Volvo has been sending it to them during the testing process. "We have a 275-gal. tote in Dothan and one in Dallas, Texas with pumps and flow meters," he says.

Transparent process
For Penske Truck Leasing, the evaluation of a 2010 Cummins ISB6.7-liter engine was a transparent process. "This has been one of the more positive experiences we've ever had with a beta evaluation," stated Mike Hasinec, Penske vice president – maintenance systems/support, of placing the 2010 engine in a 2008 M-2 Freight liner." Penske actively volunteers for OEM evaluations so we can better understand emerging technology."

As Kurt Seymour, Penske manager of product compliance and reliability, explained, the Cummins engine was placed into the Freight liner medium-duty straight truck in June 2008, and since then two customers have been using it daily in western Pennsylvania. "Pittsburgh was selected because of the colder climate and close proximity to the Cummins engineering group in Indiana," Seymour added.
During the last year, Cummins thoroughly examined the engine every 90 days, adding several upgrades along the way. "Our technicians had no reliability issues, and servicing the engine was transparent," Hasinec noted.

"Typically, when evaluating a product in its beta phase you can expect to experience some product issues," Hasinec continued. "That's the reason for putting a product out in the real world in the beta phase. It allows the manufacturer to work out the bugs before the product is put in production.

"One customer, whose biggest concern is fuel economy, was extremely pleased with the MPG," Hasinec said. "The industry claims there is a 4%to 6% MPG improvement on the 2010 engines, but our customer experienced a remarkable 10% improvement with the Cummins engine over their existing units."

Seymour adds, "There was very good performance, and there were no issues with availability of diesel exhaust fluid and the need for re-supplying the vehicles with DEF often. The consumption rate of DEF was as good as advertised, 2% of the fuel consumption level.

"This is the future, and thanks to this evaluation, we feel we're better prepared for this new technology," he said. "More than three dozen new fault codes will be introduced as part of the new onboard diagnostics (OBDII) and infrastructure challenges. We'll be ready."

All in all, Penske Truck Leasing issued high grades to the 2010 engine it evaluated and expects to soon introduce more into its fleet. "These engines will be in our fleet in 2010," Hasinec stated. "This new engine delivers on what has been promised: cleaner air, meeting new emissions standards, and less NOx with better fuel economy."

Heavy-haul capabilities Bill Vogelsberg, president of Vogelsberg Grain Co., is testing a 2010 Mack SCR 605 HP engine with a torque rating of2,000 ft.-lbs. on one of his "Michigan train" bulk haul dump trucks." We think this is a conservative rating," says Vogelsberg. "The truck is the most powerful one in our fleet right now and we are very pleased with its performance. Titan by Mack is by far the best for fuel economy, power, drivability and overall complete driver satisfaction of all the trucks in the fleet," he notes. The fleet is a regional hauler with routes that take it around Michigan to Ohio and into Ontario, Canada, which are all within 150 miles of fleet headquarters.

Vogelsberg received the test truck in the middle of January of this year, so it's been on the road for seven months logging about 45,000miles. "We were pleasantly surprised that our fuel economy is slightly better with this truck at 4.5 MPG, which is pretty impressive, since the 154,000 lbs. GCW is about 187% more than the typical 80,000 lbs.," he adds. "So far the truck has been trouble-free and there is nothing for our drivers to do but get in, start the truck and drive. We thought with our stop-and-go operation we'd have to do regens on the diesel particulate filter, but that has not been the case."

Michigan's cold weather has not been a concern either. The fleet received the trucks during the winter and had no problems with cold starts. The other good news is that the driver likes the truck. The throttle feels better, more responsive and smoother, compared to the other vehicles in the fleet, Vogelsberg adds.

Improvements

Detroit Diesel customer, Dave Miller, vice president of Global Policy and Economic Sustainability for Con-way Freight Inc. says, "Con-way beta tests a number of initiatives, including on-board diagnostics. We know that fuel efficiency will continue to be the name of the game. In2010, engines using SCR will be about as efficient as they can get. After that, we'll continue to see more aerodynamics designed into the trucks. Then, based on our experience, the only way left to reduce CO2will be to reduce fuel consumption by allowing for more efficient truck combinations (longer vehicles and heavier load limits). Our data shows hauling more tons per mile can improve fuel efficiency by up to 20%.Other future policies and regulations will be needed to better manage traffic congestion and improve road and bridge infrastructure."

Another Detroit Diesel SCR engine test fleet reports, "I'm satisfied that SCR offers strong fuel economy. At a 2% consumption rate, the cost of fuel plus the cost of diesel exhaust fluid will equal a savings advantage—with no (reliability) fear factor," says Don Streuber, president and CEO of Bison Transport. "Operationally, the difference in paying a few thousand dollars more in engine cost pales compared to a half-mile-per-gal. fuel penalty (of non-SCR engines) over the lifetime of the truck, especially when, like Bison, you average 140,000 miles per truck per year. This impact will only be amplified as the price of fuel goes up. It cannot be ignored. Fuel economy is a top priority in our equipment specification. SCR is proven and we'll take every 3% to5%

advantage we can find. It allows us to give our customers better pricing."

According to Harry Muhlschlegel, chairman and CEO of New Century Transportation Inc., "I'm satisfied and confident and looking forward to the 2010 engines. The engines may cost more, but they will run better with SCR and urea [DEF]. SCR should be a good pre-investment to keeping the trucks longer."

Schneider National is testing Detroit Diesel's SCR technology with BlueTec. Schneider has integrated the two engines into its fleet to collect real-world data and has been sharing that information with Detroit Diesel on a daily basis. So far, the engines have racked up more than 45,000 miles. "By actually field testing the technology, we are putting the units into real-life situations, which ultimately helps Detroit Diesel engineers to identify every possible issue in advance," said Steve Duley, vice-president of purchasing for Schneider National." We are confident the experience we gain from CDUs will give us additional time to prepare for the transition." According to Duley, more than 90% of the Schneider fleet is powered by Detroit Diesel engines.

Engineering tests

According to Steve Schrier, communications manager for the Navistar Truck Group, "We currently have more than 60 engineering test vehicles with 2010-compliant engines in operation today, logging thousands of miles each and every week. As testing and validation is finalized in preparation for launch, these test vehicles will have logged millions of driving miles in real-world conditions.

"As for customer test units, we currently do not have any 2010 vehicles in customer hands. Since our 2010 solution does not require significant changes to truck hardware and, at this point, our testing mainly involves engine calibration refinements, we believe the benefit of road testing by our own engineering team outweighs the learning obtained from customer field test units."

Article taken from FleetMagazine.com website, August 21, 2009 (www.fleetequipmentmag.com/809-engine-test.html)